



## FACT SHEET

### Democratic Budget Resolution

#### **Democrats' Tax & Spend Approach Is No Way To Balance a Budget**

- The Democrat's budget is a clear illustration the new majority is back to tax hikes and big spending increases.
  - Raises Taxes:
    - Assumes the President's tax relief is not extended and that means Americans will face a tax hike.
    - The Democrats so-called "tax trigger"<sup>1</sup> is complicated, but the bottom line is it prevents tax relief from continuing.
    - Under the budget resolution's surplus estimates, the tax relief Democrats claim to provide would be nullified by the trigger.
    - The trigger says to the American people "you don't get tax relief because we've already spent your money."
    - Raising taxes would put our economy at risk – jeopardizing job creation, wage growth, small businesses, and investment.
  - Increases spending:
    - Adds \$22 billion more in non-defense discretionary spending in 2008 and \$205 billion more over five years above the President's Budget.
    - Despite the Democrats' pay-go rhetoric, they provide no offsets for this extra spending – even as they demand offsets for extending tax relief.
- We can and should balance the budget without raising taxes. The President's approach balances the Budget while making tax relief permanent and holding non-security discretionary spending to just one percent growth.

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<sup>1</sup> The Democrat budget resolution requires any tax relief bill to contain a trigger. The tax trigger compares three years of revenue reductions (2010-12) to the lesser of \$180 billion or 80% of the one-year 2012 surplus without the tax cuts. If the former amount is greater than the latter all of the bill's tax relief is turned off. The tax relief of \$180 billion (2010-2012) is more than 80% of their projected 2012 surplus before the tax relief.

## **Democrats Are Ignoring Our Biggest Budgetary Challenge – The Unsustainable Growth in Entitlements**

- Democrats missed a real opportunity to address our biggest budgetary challenge – the unsustainable growth in entitlement programs like Medicare and Social Security. The Democrats' budget completely ignores this important issue, which is disappointing and irresponsible.
- The President's Budget does the right thing by putting a down payment on reform. These relatively small savings for the short-term will help future generations by reducing our substantial unfunded obligations. The President's Budget provides mandatory savings of \$96 billion over the next five years and reduces Medicare's unfunded obligation by nearly \$8 trillion over the next 75 years.

## **Standing Strong Against Over-Spending Is A Priority**

- Budget Director Rob Portman sent a clear message to members of Congress that the Administration will hold a firm line on spending.
- The Democrats' budget is particularly troubling because it sets the framework for spending levels in the fiscal year 2008 appropriations bills.
- Director Portman will recommend the President veto any appropriations bill that exceeds our discretionary spending request, and doesn't provide the Department of Defense the resources necessary to accomplish its mission.